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SECURITY INFORMATION

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## REPORT

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THIS IS UNEVALUATED INFORMATION

- 25X1 1. The Veacul Nou Cooperative, located at 120, Calea Rahovei, Bucharest, was formed in 1950 by a group of 60 chemists, former pharmacists and workers from chemical factories. In addition to the members, there are 100 paid employees. The equipment was primitive and consisted mainly of one old crystallizer. Work was done in old wine barrels and wooden buckets, cooking pots and glass vessels.
2. The cooperative uses aluminum and zinc, ash and zinc, copper, aluminum and brass scrap as required by the Five Year Plan, to produce sulphates, nitrates and chlorides, and sheet lead to precipitate chlorides. Until 1952, these raw materials were received through Directiunea Aprovizionarei si Colectarei (DAC) and after 1951 from the Comisiunea de Stat al Aprovizionarei (State Supply Commission), and from the Metallo-Chemical Section of the Cooperative Center. Sulphuric, hydrochloric and nitric acids were also obtained from the Comisiunea de Stat, but via the chemical section, from the Phoenix, Solvay and Turda Chemical Works.
3. The cooperative produced:
- a. Zinc chloride for the Lachmann gasoline purification process, and an impregnator and binding agent for organic materials, such as the manufacture of vulcanized fiber.
  - b. Copper sulphate as a disinfectant and for impregnating materials.
  - c. Aluminum sulphate for paper factories and for the filling of chemical fire extinguishers (Minimax, etc.).
  - d. Alum, for the tanning and textile industries.

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- e. "Caleican"  $\text{Fe}_2(\text{SO}_4)_3$  ferric sulphate priming paint.
- f. Ferrous sulphate iron minimum  $\text{FeSO}_4$ . This is required for the oil industry. It is added to the mixture with which the sides of the well are cemented, and prevents this from setting too quickly.
4. In 1951 the factory produced about 30 tons of zinc chloride per month, 90 percent of which was bought by Sovrompetrol. The rest was sent by the Cooperative Center to the Ministry of Metallurgy and Chemical Industry and the Ministry of Power. In addition, between 10 and 15 tons each per month were produced of copper sulphate, alum and caleican. Most of this, as well as of the aluminum sulphate, was destined for export to the USSR.
5. The Plan for 1952 provided for the following production: Zinc chloride, 440 tons per year, 80 percent of it for Sovrompetrol; alum, 10 tons per month for export to Egypt; aluminum sulphate, copper sulphate, and caleican, 10 to 15 tons each per month for export. However, this Plan is unlikely to be fulfilled as the large chemical works, such as the factory at Turda, send their entire production to the USSR. According to the Plan, the cooperative should have produced 110 tons of zinc chloride by the end of March 1952, but as only 10 tons of hydrochloric acid had been received from the Phoenix Works instead of 100 tons, this was impossible.
6. So-called "permanent prices" established by the production plan bore little relation to the actual factory sales prices. The planned price for zinc chloride, for instance, was 47 lei per kg. before the currency reform, whereas the actual sales price was 160 lei per kg. Since all the factories work according to this method, the planned prices for raw materials also differ from those actually paid, so that the planned prices are purely fictitious.
7. In January 1952, the Veacul Nou Cooperative was asked to set up a branch concern at Brazi, in the Prahova valley, for the utilization of waste from the Brazi Oil Refinery (the former Creditul Minier). It was suggested that naphtenic acids produced as a waste product by the refinery should be used for the extraction of copper sulphur and iron from pyrites mined in Transylvania.
8. Work was begun on this project by the middle of March 1952, and a total of 10 tons of copper sulphate, sulphur and iron oxide are extracted there daily from pyrites. In addition, an insecticide for railroad ties is manufactured, called Cuprinol. Large quantities of this product are sent to the Rumanian Railroads (CFR) and to the USSR.
9. The Brazi Refinery is located about 1 km. beyond the railroad station on the Ploesti-Bucharest route, in the direction of Bucharest. It is protected by Soviet 40 mm. anti-aircraft guns placed up to 10 kms. away. Rumanian military patrols, in groups of three to five men, circulate within the refinery itself, and watch towers are placed 50 meters apart inside its perimeter.